United Nations A/C.5/56/SR.58

General Assembly
Fifty-sixth session

Official Records

Distr.: General
2 August 2002

Original: English

Fifth Committee

Summary record of the 58th meeting
Held at Headquarters, New York, on Wednesday, 22 May 2002, at 10 a.m.

Chairman: Mr. Effah-Apenteng ..... (Ghana)
later: Mr. Bhattarai (Vice-Chairman) ..... (Nepal)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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02-39492 (E)

The meeting was called to order at 10.10 a.m.

Agenda item 136: Financing of the United Nations Transitional Administration in East Timor (A/56/890, A/56/922, A/56/932 and Corr.1, A/56/945 and A/56/947)

Agenda item 147: Financing of the United Nations Operation in Somalia II (A/56/915 and A/56/949)

Agenda item 158: Financing of the United Nations Organization Mission in the Democratic Republic of the Congo (A/56/825 and Corr.1, A/56/887/Add.11, A/56/897, A/56/906 and A/56/938)

1. **Mr. Halbwachs** (Controller), introducing the report of the Secretary-General on the financial performance report of the United Nations Transitional Administration in East Timor (UNTAET) for the period from 1 July 2000 to 30 June 2001 (A/56/922), said that expenditures for the period from 1 July 2000 to 30 June 2001 totalled $527.6 million gross, resulting in an unencumbered balance of $35.4 million gross, which was due mainly to reduced requirements under civilian personnel costs and operational requirements. Tables 1 and 2 gave details of the apportionment of expenditure by category and the authorized staffing, incumbency and vacancy rates for military and civilian personnel. The General Assembly was being requested to decide on the treatment of the unencumbered balance and of other income for the period.

2. Paragraph 8 of the report of the Secretary-General on the financing of UNTAET (A/56/890) set out the action to be taken by the General Assembly, which was to take note of the report on the final disposition of assets of UNTAET and to approve the donation of assets with a total inventory value of $8.1 million and a corresponding residual value of $5.3 million to the Government of East Timor, as detailed in annex IV to the report.

3. In his report contained in document A/56/932, the Secretary-General presented the proposed budget for the 12-month period from 1 July 2002 to 30 June 2003 for the operation of the United Nations Mission of Support in East Timor (UNMISET). Of the total budget, some 42 per cent of resources related to military personnel costs. Civilian personnel costs accounted for 32 per cent of the budget and operational costs for 22 per cent. The General Assembly was being requested to approve the use for UNMISET of the special account established for UNTAET, to appropriate the amount of $318.4 million gross for the operation of UNMISET for the 12-month period, and to assess the amount of $318.4 million gross for the period, at a monthly rate of $26.5 million gross, should the Security Council decide to continue the mandate of the Mission. Details of the staffing requirements for the Mission were set out in section VIII.

4. The note by the Secretary-General on transitional financing arrangements for UNTAET and UNMISET for the period from 1 July 2001 to 30 June 2002 was contained in document A/56/947. Transitional financing arrangements would be required for the period from 21 May to 30 June 2002. Based on the current status of expenditure for UNTAET, expenditures for the period from 1 July 2001 to 20 May 2002 and for the transitional period until 30 June 2002 were estimated at $454.4 million and would thus fall within the amount appropriated for UNTAET for the period from 1 July 2001 to 30 June 2002. The General Assembly was being requested to decide that the expenditure for the period from 21 May to 30 June 2002 would be met from the amount of $455 million appropriated for UNTAET for the period from 1 July 2001 to 30 June 2002 and to apportion among Member States the amount of $80.1 million.

5. The final performance report of the United Nations Operation in Somalia II (UNOSOM) was presented in document A/56/915. The report contained information on reimbursement to troop-contributing Governments, expenditure, cash position, outstanding liabilities and unpaid assessed contributions. The General Assembly was being requested to decide to retain an amount of $19.6 million gross and net from the balance of appropriations to meet the cost of outstanding Government claims and to decide to temporarily suspend the provisions of financial regulations 4.3, 4.4 and 5.2 (d) in respect of the remaining surplus of $21.3 gross, in the light of the continuing cash shortage of the mission.

6. The financial performance report of the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC) for the period from 1 July 2000 to 30 June 2001 (A/56/825 and Corr.1) showed that expenditures for the period totalled $246.5 million gross, resulting in an unencumbered balance of $26.6 gross, which was due to lower costs for military personnel, transport operations, air operations, communications, equipment and freight. Tables 2 and 3

showed the apportionment and expenditure and the authorized staffing, incumbency and vacancy rates for military and civilian personnel. The General Assembly was being requested to decide to appropriate commitment authority of $41 million gross, to decide on the treatment of the unencumbered balance and of other income for the period, and to decide that the special arrangements regarding article IV of the financial regulations of the United Nations be applied to MONUC.

7. The proposed budget for MONUC for the period from 1 July 2002 to 30 June 2003 (A/56/897) amounted to $603.9 million gross, of which some 16 per cent related to civilian personnel costs. Operational costs accounted for 50 per cent of the budget and military personnel costs reflected 32 per cent. Table 2 provided a breakdown of the financial resources required by category of expenditure. The estimates represented a 34.2 per cent increase in total resources in relation to the apportionment for the period from 1 July 2001 to 30 June 2002 and were based on a strength of 6,387 military personnel, including 810 observers. The number of civilian police had also been increased to 100. Tables 5 and 6 set out the changes in staffing requirements and proposed staff changes by office. The Assembly was being requested to appropriate the amount of $603.9 million gross for the maintenance of the Mission for the 12-month period from 1 July 2002 to 30 June 2003 and to assess the same amount at a monthly rate of $50.3 million gross, should the Security Council decide to continue the mandate of the Mission.

8. *Mr. Bhattarai (Nepal), Vice-Chairman, took the Chair.*

9. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the Advisory Committee's related report on the financial performance report of UNTAET and the proposed budget of UNMISET (A/56/945), said that the Advisory Committee agreed with the Secretary-General's proposals concerning the disposition of assets of UNTAET and transitional arrangements. The Advisory Committee had made a number of comments on the proposed budget for the new Mission and on the performance report of UNTAET. In particular, it had cautioned against the tendency to obligate funds without an adequate analysis of the need for such obligations. It also appeared to the Advisory Committee that the processing of liquidations for UNTAET was taking an unduly long time, indicating a need to improve the process of reviewing and paying claims.

10. On the question of overexpenditure and underexpenditure, the Advisory Committee had highlighted some items where better planning and budget preparation would have improved the situation. The treatment of staff costs in both the performance report (A/56/922) and the proposed budget (A/56/932) should also be reviewed to ensure that the procedures followed conformed to United Nations practice. On the whole, however, the Advisory Committee recognized the difficult circumstances under which the budget for UNMISET had been prepared and commended the Secretariat and UNTAET for the efforts they had made to formulate an implementation plan and an exit strategy.

11. Taking into account its comments and observations, the Advisory Committee recommended the appropriation and assessment of an amount of $292 million gross for the operation of UNMISET for the period from 1 July 2002 to 30 June 2003, subject to a decision of the Security Council regarding the mandate of the Mission. The recommended amount reflected a reduction of 8 per cent in the amount that had been proposed by the Secretary-General.

12. Introducing the report of the Advisory Committee on the final performance report of UNOSOM (A/56/949), he said that the Committee recommended acceptance of the proposals contained in paragraph 1 of the report of the Secretary-General (A/56/915).

13. Turning to the report of the Advisory Committee on the financial performance report and proposed budget of MONUC (A/56/887/Add.11), overall, the Advisory Committee had welcomed the steps that had been taken by the Secretariat to implement the Committee's previous recommendations. The Committee hoped that those recommendations that had not yet been implemented would be reported on in the next submission by the Secretary-General. The Committee's comments on the subject of military personnel were contained in paragraphs 24 to 31 of its report. In view of those comments, the Committee recommended that the estimate of $191.1 million for military personnel costs be reduced by 2 per cent to $187.3 million. It recommended further that the estimate of $86.5 million for international and local staff be reduced by 4 per cent, to $83 million and that

the amount of $155 million be approved for air operations for the Mission, representing a reduction of 9 per cent from the proposals of the Secretary-General. In summary, it was recommending appropriation and assessment of an amount of $581.9 million for the maintenance of MONUC for the period from 1 July 2002 to 30 June 2003, reflecting a reduction of 4 per cent from the estimates that had been proposed by the Secretary-General.

14. **Ms. Stern** (Director of the Internal Audit Division, Office of Internal Oversight Services), introducing the note by the Secretary-General on the audit of a contract for the provision of airfield services in MONUC (A/56/906), said that the review of the contract showed that the objective of the Department of Peacekeeping Operations to meet the urgent operational requirements of MONUC had not been achieved. Inadequate consultations between the Department and MONUC had led to a lack of clarity as to the scope of services and the modalities for contracting them. Those issues should have been clarified before the bidding process began.

15. The audit had also highlighted the risk of making outsourcing decisions without first determining their cost-effectiveness. The review had also found a number of errors in the technical evaluation conducted by the Department of Peacekeeping Operations, which might have led to the selection of a more expensive contractor. The Department had indicated that, after reassessing the various options that were available, it was preparing to rebid the contract for airfield services in order to ensure that the services obtained were cost-effective.

16. Upon completion of the audit, the Office of Internal Oversight Services (OIOS) had made eight recommendations, whose implementation it would continue to monitor. In most cases, the Department had already indicated the corrective actions it was prepared to take.

17. **Mr. Soto** (Spain), speaking on behalf of the European Union, the associated countries Bulgaria, Cyprus, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia and Turkey, and, in addition Iceland and Liechtenstein, said that the United Nations should congratulate itself on the unprecedented success of UNTAET. There was a job to finish, however, and the European Union affirmed its support for UNMISET and concurred with the Secretary-General's budget proposals and the recommendations of the Advisory Committee thereon.

18. **Mr. Fox** (Australia), speaking also on behalf of Canada and New Zealand, said that it was only two and a half years before that UNTAET had begun the complex task of building capacities among the East Timorese people to facilitate their transition to independence. The fact that so much had been achieved in such a short period was a credit to the Organization and to the international community.

19. While much had been achieved, much still remained to be done. The delegations on whose behalf he spoke supported the Advisory Committee's recommendation that the General Assembly should approve the appropriation and assessment of a budget of $292 million gross for the first 12 months of the new Mission, on the basis of assurances from the Secretariat that implementation of its mandate would not be adversely affected by the proposed 30 per cent reduction in the budget for the final year of UNTAET. The Advisory Committee's suggestion that the Mission should move quickly to document the lessons learned in the prosecution of serious crimes and in gender and public information matters should be taken up.

20. **Ms. Wahab** (Indonesia) said that East Timor's journey to sovereign statehood was inseparable from the successful conclusion of the mandate of UNTAET. Her Government would continue to work towards forward-looking relations with East Timor, on a basis of cooperation and amity and for the mutual benefit of their peoples. Accordingly, Indonesia supported the newly established United Nations Mission of Support in East Timor.

21. Concerning the financial performance of UNTAET for the period 1 July 2000 to 30 June 2001, her delegation had taken note of the unencumbered balance of $35 million and of the practice of overexpenditure. It believed that the Advisory Committee's recommendation calling for better planning and improved efficiency should be given due consideration and that the Secretariat should adopt efficiency measures for all such missions.

22. Regarding the budget of UNMISET for the period 1 July 2002 to 30 June 2003, her delegation was of the view that the Advisory Committee's recommendation of resources in the amount of $292 million gross would be a good basis for further consideration.

23. Lastly, the unnecessary reference to "militia elements" in the report of the Secretary-General conveyed an inaccurate impression which did not correspond to prevailing realities. In taking note of paragraph 11 of the proposed budget, her delegation therefore wished to underscore the need for objective assessment in the future. The long-term objective of the new Mission should be to empower the East Timorese people to make an effective contribution to the operation of their institutions and, ultimately, to the establishment of a peaceful, unified and sustainable society.

24. **Mr. Yamanaka** (Japan) reiterated his delegation's commitment to the peacekeeping missions in East Timor and the Democratic Republic of the Congo. With regard to the latter Mission, however, his delegation shared the Advisory Committee's concern expressed in paragraph 13 of its report (A/56/887/Add.11) over the Mission's cash-flow difficulties. It should be pointed out, however, that the budget cycle of many States did not coincide with that of United Nations peacekeeping operations and that, as a result, some Members experienced difficulties in paying their contributions. Member States should nevertheless be encouraged to make contributions, rather than discouraged.

25. **Ms. Maquinaldo** (Philippines) said that her Government had supported the establishment of UNTAET and also supported UNMISET. The East Timorese people would require the support of the international community in building their new nation. Her delegation also supported the recommendations aimed at achieving efficiencies in UNMISET.

26. **Mr. Kelapile** (Botswana) said that his delegation attached great importance to peacekeeping efforts in the Democratic Republic of the Congo and would do everything possible to ensure that MONUC was provided with the necessary funding on a predictable basis. It was particularly interested in the inter-Congolese dialogue and supported the efforts of the neutral facilitator to ensure the effective implementation of the Lusaka Ceasefire Agreement.

27. He recalled that, at the first part of the Assembly's resumed session, his delegation had expressed its views on the allegations of irregularities and errors in the award of contracts for the provision of air services to MONUC. While it was necessary to respond to the operational requirements of field missions, adequate consultation among all stakeholders entrusted with outsourcing and procurement must also be ensured to safeguard full compliance with the relevant policies and procedures of the United Nations. His delegation reaffirmed the continued validity of the outsourcing and procurement criteria and guidelines. Noting that the Department of Peacekeeping Operations had decided to re-bid the air services contract, he inquired whether the process had begun and what measures would be taken to ensure that the provision of air services was not disrupted. His delegation still firmly believed that the Secretariat should give serious consideration to the option suggested by the Advisory Committee in paragraph 99 of its report on the proposed budget of MONUC (A/56/845).

28. The Advisory Committee had acknowledged that expenditures on operational activities for peacekeeping operations had been growing rapidly and that air operations had become a major component of that category of expenditure. Yet the criteria used to determine arrangements for the procurement of air services were not always clearly stated in reports. In the light of the lessons learned at MONUC, OIOS, the Advisory Committee and the Board of Auditors should further coordinate their efforts to eliminate ambiguity, strengthen due process and increase the technical capacity of the units that conducted technical surveys before the contracts were awarded. Lastly, his delegation would like to hear from the Secretariat whether the implementation of recommendations 1, 4 and 5 in the report of OIOS (A/56/906) posed any serious difficulties.

The meeting rose at 11.10 a.m.